**T-Accounts Activity - Part 2**

While watching the second slideshow (T-Accounts Part 2), please answer the following questions:

Please answer debit or credit for questions #1-6

1. Liabilities increase what side?
2. Liabilities decrease on what side?
3. Asset increase on what side?
4. Assets decrease on what side?
5. Equity increases on what side?
6. Equity decreases on what side?
7. What is the rule of the double entry accounting system?
8. What is the #1 in brackets (1) represent in a t-account?
9. What must you always remember when recording transactions in t-accounts? Hint: Debits=
10. a) Transaction #5 says that the owner invests $5000 in the business. That means that cash increases by $5000 so $5000 is posted to the cash t-account on what side (debit or credit)?

b) It also means that capital increases by $5000 which means $5000 is posted to the capital account to what side (debit or credit)?

1. Explain the process for “updating” an account (also called calculating t-account balances)
2. What are the four steps for creating a trial balance sheet?
3. What do you do if your trial balance sheet is out of balance?